

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Newburyport Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: February 2, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and an adjustment to the fully generational mortality assumption.

For the past several years, PERAC has been recommending that Boards adopt schedules that complete the amortization of the unfunded actuarial liability (UAL) by FY35. The schedule adopted by the Board completes the amortization of the UAL in FY38 and has total appropriation payments that increase 5.0% each year. As a result, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions that increase the plan's liability, and it is possible appropriation increases in excess of 5.0% may be required as part of the 2022 or future actuarial valuations.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Newburyport Retirement System
January 1, 2020 Actuarial Valuation

Total cost increases 5.0% per year until FY37 with a final amortization payment in FY38

Fiscal Year	Normal Cost	Net 3(8)(c)	Amort. of UAL	Total Cost	Unfunded Act. Liab.	Change in Cost
2021	2,023,385	50,000	3,314,174	5,387,559	49,963,297	
2022	2,114,437	50,000	3,492,500	5,656,937	50,031,185	5.0%
2023	2,209,587	50,000	3,680,197	5,939,784	49,912,740	5.0%
2024	2,309,018	50,000	3,877,755	6,236,773	49,584,402	5.0%
2025	2,412,924	50,000	4,085,688	6,548,612	49,020,379	5.0%
2026	2,521,506	50,000	4,304,537	6,876,042	48,192,457	5.0%
2027	2,634,973	50,000	4,534,871	7,219,844	47,069,794	5.0%
2028	2,753,547	50,000	4,777,289	7,580,837	45,618,705	5.0%
2029	2,877,457	50,000	5,032,422	7,959,878	43,802,419	5.0%
2030	3,006,942	50,000	5,300,930	8,357,872	41,580,822	5.0%
2031	3,142,255	50,000	5,583,511	8,775,766	38,910,184	5.0%
2032	3,283,656	50,000	5,880,898	9,214,554	35,742,857	5.0%
2033	3,431,421	50,000	6,193,861	9,675,282	32,026,951	5.0%
2034	3,585,835	50,000	6,523,211	10,159,046	27,705,989	5.0%
2035	3,747,197	50,000	6,869,801	10,666,998	22,718,529	5.0%
2036	3,915,821	50,000	7,234,527	11,200,348	16,997,761	5.0%
2037	4,092,033	50,000	7,618,332	11,760,366	10,471,068	5.0%
2038	4,276,175	50,000	3,059,559	7,385,734	3,059,559	-37.2%
2039	4,468,602	50,000		4,518,602	0	-38.8%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$575,000

FY21 amount maintained at level of current funding schedule